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REVISED AGREEMENT  
for MONITORING PRIVATE PRACTICE INCOME

University of Minnesota  
Medical School

March 1976

This is a memorandum of an agreement reached by the President ("President") of the University of Minnesota ("University") with the Professional Reimbursement and Insurance Committee of the Faculty of the Medical School of the University of Minnesota ("Committee"), successor to the Committee on Private Practice Activity, and the Council of Chiefs of Clinical Services of the University Hospitals as ex officio members of the Committee, effective for the year beginning 1 January 1976.

On 15 June 1963 the Board of Regents of the University ("Board") adopted a "Statement of Policy and Implementing Resolution" concerning "Private Consultation Practice in the College of Medical Sciences of the University" ("Regents Rules"). Clarifying language was approved by the Board on 20 September 1963 and further modifications on 11 March 1966.

In order to assure compliance with the Regents Rules, THE PRESIDENT AGREES WITH THE COMMITTEE:

1. The Regents Rules are interpreted to mean the following:
  - a. That part of the private practice receipts of a clinical medical faculty member ("Member") equal to his maximum income augmentation limit in the case of a geographic full-time Member, and equal to his commutation allowance (and other allowances provided in his strict full-time agreement with the Medical School of the University) in the case of a strict full-time Member, determined in accordance with the Regents Rules, plus all expenses attributable to the private practice activity, is the private practice income of the Member.
  - b. All receipts in excess of such private practice income, over and above any income taxes thereon, shall be used for the purposes and objectives of the Medical School as provided in the Regents Rules, all in recognition of the goals of private patient practice at the University, and in consideration of the participation therein by Members and others.
  - c. When a Member agrees to the determination of his maximum income augmentation limit or commutation allowance he thereby agrees
    - that the Regents Rules shall be interpreted and carried out in accordance with the provisions of this agreement, and
    - that any partnership, corporation or other entity in respect of private practice in which the Member has an ownership interest or authority to act is also bound by this agreement.
  - d. The acceptance by a Member of an appointment to serve a clinical department of the Medical School constitutes an agreement by the Member to abide by the Regents Rules.
2. The President will appoint as a reviewer and referee of compliance of the Regents Rules a person ("Monitor") who shall have been selected jointly by the President and the Committee. The Monitor's compensation and reasonable expenses shall be paid in equal parts by the President and the Committee. Each professional practice unit shall pay

such part of such expense as is proportionate to its part of the income augmentations and commutation allowances for all units. The appointment of the Monitor shall be reviewed annually. Any decision to appoint another Monitor shall be subject to approval by the President and the Committee. The Monitor shall be removed at any time that the President or the Committee has given the other party and the Monitor at least 30 days' written notice. The Monitor may resign his appointment on giving at least 30 days' written notice to both parties hereto. He shall be available to give information for a reasonable time on all matters pending at the time of termination of his appointment. He may use such assistants as he may determine.

3. Not later than 31 March of each year, the Head of each clinical department will furnish the Dean of the Medical School ("Dean") with the income augmentation or commutation allowance information for the department in respect to that current year. At the same time, the Head of the department will submit to the Monitor for each Member in the department or at the time of termination of appointment of any Member of the department, including the department head, the following:
  - a. The actual University support salary;
  - b. the equitable support salary (if it differs from the actual support salary);
  - c. the outer income augmentation limit in the case of geographic full-time Members;
  - d. the commutation allowance information in the case of strict full-time Members;
  - e. the home and business addresses of the Member;
  - f. the names and business addresses of the professional practice unit with which the Member serves, and of the owner or owners of the unit;
  - g. any additional information which the department head may wish to give.

Revised information may be filed subsequently as permitted by the Regents Rules.

"Private practice receipts" include all fees paid by patients or third-party payers for services rendered by a Member on behalf of patients, or as a consultant or teacher within the University of Minnesota affiliated hospitals. Private practice receipts do not include amounts paid by way of honoraria or royalties or other payments for patents.

The Monitor, in his discretion, may request a department head to review the income augmentation or commutation allowance for any Member of the department, including the department head. After such review, the

Monitor may, if he deems it appropriate to do so, refer the matter to the chairman of the Committee on Private Practice Activity (presently the Professional Reimbursement and Insurance Committee) of the faculty of the Medical School.

4. Within 3 months following the close of the year, the head of each professional private practice unit shall furnish the Monitor with a statement of the amount each Member in the unit, including the head of the unit, derived from private practice receipts for the past year, together with such other information as the head of the unit deems appropriate.

Each solo practitioner shall furnish to the Monitor similar information as to the practitioner's private practice receipts, together with all applicable business deductions relating thereto, and such adjustments and other information as the practitioner deems appropriate. Each Member may also furnish data concerning any applicable business deductions and such adjustments and other information as he deems appropriate. All information shall be signed by the Member furnishing the information and shall be certified as accurate and complete by a certified public accountant or other public accountant, and shall be submitted to the Monitor.

In the alternative, a Member may at his discretion submit copies of such parts of the relevant United States income tax returns, and accompanying schedules, as report the private practice income and expense of the Member for the period in question, providing the data furnished is identified by a public accountant as being true and complete copies of the information relating to private practice income set forth in the tax returns signed by the accountant.

In the event of termination of appointment of a Member for whatsoever cause, the Head of the department of the Member shall furnish the Monitor with a full disclosure of the terminating Member's vested interest in the Unit's income at the time of termination.

The Monitor, to the extent and in the manner he may determine, may verify the correctness of the data furnished to him, including having an audit made, but he shall not be required to do so. Each professional unit shall also account for all its private practice receipts for the year in question.

5. Promptly after receipt of the data, the Monitor will determine, as to each Member, whether there is compliance with the authorized augmentation limit. To each Member in compliance, the Monitor will send confirmation thereof. He will also notify the respective department heads, the President and the Dean, certifying which Members have complied with the Regents Rules in respect to their augmentation limits. For Members in this group the Monitor's statement of compliance ends the matter for that particular year.
6. In the event a Member appears to be in noncompliance, the Monitor will promptly notify the Member and request an early reply. If the Member

has not demonstrated compliance within 60 days thereafter, the Monitor will notify the head of the particular professional unit to which the Member belongs and will again notify the Member in question, after which the Member will have an additional 30 day period in which to demonstrate compliance.

7. If compliance has not been demonstrated at the end of the afore-stated periods, the Monitor will so notify the Chairman of the Committee, with copies to the head of the appropriate department, the Dean and the Member in question. The Committee will ask the Member to furnish relevant information to, and appear before, the Committee, which will examine into the surrounding circumstances. The department head shall participate in this procedure upon the invitation of the Committee, or upon the invitation of the Member concerned, and may participate at his own election.
8. In the event the Committee finds that a Member has not demonstrated compliance with the Regents Rules, the Chairman of the Committee will inform the President, the Vice President of Health Sciences, the Dean and the Member to that effect. Seven days after such a finding, the private consultation practice privileges of the Member under the Regents Rules shall be suspended until the Committee finds that the Member is in compliance with the Regents Rules as required under this agreement. For the time that the private consultation practice privileges of a Member are so suspended, he shall not be paid that part of his commutation allowance or income augmentation which is proportionate to the number of days such suspension bears to the total calendar days in the fiscal period involved. Any such suspension shall be taken into account in the administration of the Medical School and in making appointments to serve the clinical departments thereof.
9. Any questions involving the interpretation of this agreement or the application of the Regents Rules shall be referred to the Monitor for resolution within the terms of this agreement. Either party to this agreement may request a reconsideration of the Monitor's decision by giving written notice of such request to the Monitor and the other party. The decision on such reconsideration shall be final. Should the Monitor so determine, he may refer any matter to the Committee for such disposition as it may deem appropriate.
10. The Monitor shall be available to both parties to this agreement, and to any Member, to provide counseling and advice in respect of the performance of this agreement. He shall treat as confidential all information received by him. He shall, nevertheless, have authority to disclose, only to the persons identified in this document, and may also disclose other information, but only if, in his sole discretion, such disclosure will be in furtherance of this agreement. The Monitor, in his discretion, shall, from time to time, return all data and documents to the persons furnishing the same. When the Monitor terminates his services, he shall deliver all data and documents to his appointed and approved successor.

11. The Monitor shall determine what expenses are "attributable to the private practice activity". Generally these will be any deductions allowed under the Internal Revenue Code in computing net income for income tax purposes, including but not limited to, reasonable compensation paid for personal services rendered by employees, indirect payroll costs, fringe benefits to employees and self-employed persons, reasonable allowances for depreciation and obsolescence and reasonable reserves appropriate for valid business purposes. Accelerated deductions shall be allowed only as permitted under the Internal Revenue Code. The Monitor may allow other adjustments which in his opinion are appropriate and equitable in determining net income. Expenses which are personal in nature, and not expenses of doing business, shall not be allowed. A deduction allowed to a professional unit shall not again be allowed to individuals within the unit. Determinations by the Monitor made after the close of a fiscal year, based upon the reports or audits relied upon by him, shall not subsequently be adjusted, whether by reason of actions of any governmental agency, or otherwise, unless it is shown to result in a grossly inequitable result, in which case the Monitor may allow such adjustments as he deems appropriate.
12. It is acknowledged by both parties to this agreement that the Monitor may be asked by either party to this agreement to perform services not directly related to the subject of this agreement, and he may accept such employment.
13. This agreement is binding upon any person appointed and approved to serve as Monitor when he shall have signed an acceptance to be so bound. It is also binding upon the successors of each of the parties hereto. It amends and supersedes the earlier agreement of 3 September 1975.

SIGNED by the parties April 12, 1976, to be effective as set forth at the beginning of this instrument.

PROFESSIONAL REIMBURSEMENT  
AND INSURANCE COMMITTEE OF THE  
MEDICAL SCHOOL OF THE  
UNIVERSITY OF MINNESOTA

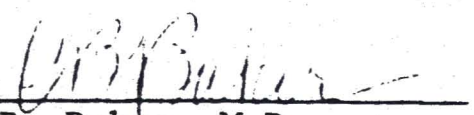
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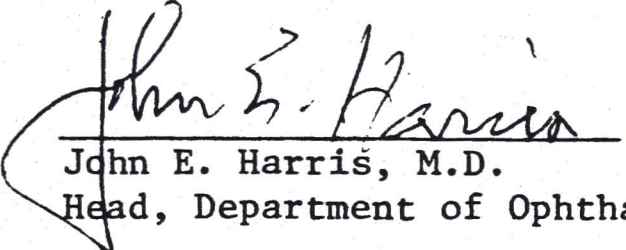
St. Regis  
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President

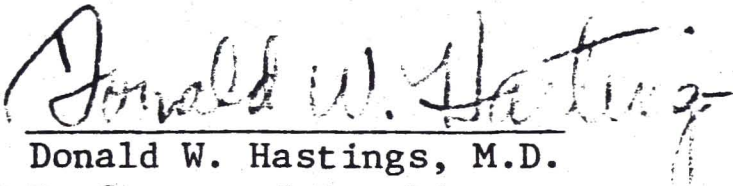
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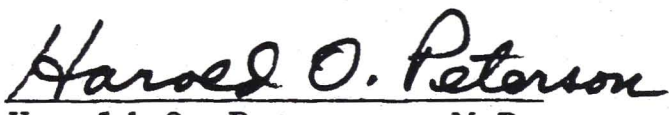
Eugene Gedgudas  
Eugene Gedgudas, M.D., Chairman  
Chairman, Council of Clinical Sciences  
Head, Department of Radiology

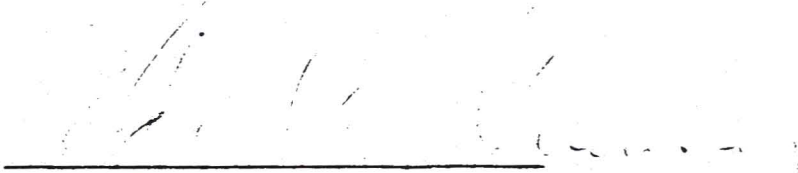
Richard L. Varco  
Richard L. Varco, M.D., Vice Chairman  
Regents Professor of Surgery

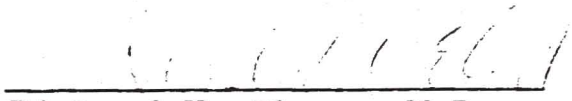
  
A. B. Baker, M.D.  
Regents Professor of Neurology

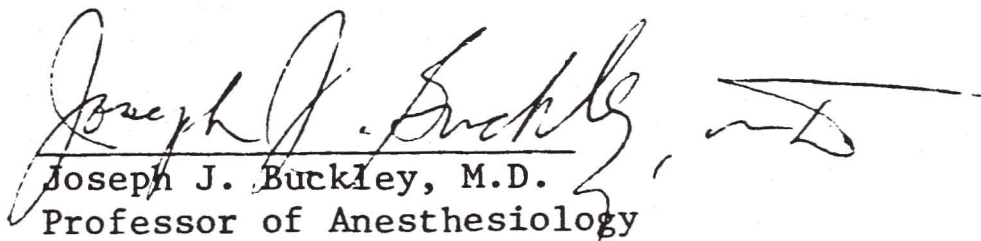
  
John E. Harris, M.D.  
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Donald W. Hastings, M.D.  
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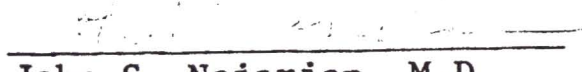
  
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